



Michigan Department of State
Bureau of Elections
www.michigan.gov/sos

CANDIDATE COMMITTEE

MANUAL

INTRODUCTION

Michigan's Campaign Finance Act, P.A. 388 of 1976, as amended, promotes the public disclosure of political contributions and expenditures. The Secretary of State and the county clerks seek disclosure through voluntary compliance of candidates, groups and committees with the requirements of the Act.

The Act requires groups participating in Michigan elections to form and file committees. Committees are groups that receive contributions or make expenditures to influence voters for or against the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question. Exceptions are:

- An individual, other than a candidate, does not constitute a committee.
- A person, other than a committee registered under this act, making an expenditure to a ballot question committee as long as the person does not solicit or receive contributions for the purpose of making an expenditure to that ballot question committee.

The types of committees covered by the Act are:

Candidate Committees
Political and Independent Committees (PACs)
Ballot Question Committees
Political Party Committees

To register, a committee files a Statement of Organization. Statement of Organization forms can be obtained from the Department of State's Bureau of Elections in Lansing, from any county clerk or the Secretary of State's website at www.Michigan.gov/sos. Once a committee is registered, it may be required to file Campaign Statements and other reports to disclose the committee's campaign finance activity in Michigan elections.

If you have questions, do not hesitate to seek assistance from the Department of State's Bureau of Elections in Lansing. Possible violations can be avoided with early advice and use of instructional materials provided by the Department. When seeking specific legal advice, always rely on the Act and the Rules promulgated to administer the Act.

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<p style="text-align: center;">THE STATEMENT OF ORGANIZATION FORMING AND FILING A CANDIDATE COMMITTEE</p>
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CANDIDATES COVERED BY THE ACT

Candidates seeking state, judicial, county, city, township, village and certain school offices in Michigan must meet the disclosure obligations provided under Michigan's Campaign Finance Act. A state, judicial or local candidate must meet the disclosure requirements of the Act even if he or she uses personal funds to campaign; does not receive or spend any funds when seeking office; or is running a write-in campaign.

DEFINITION OF "CANDIDATE"

An individual becomes a candidate under the Act as soon as he or she:

- files a fee, Affidavit of Incumbency or nominating petition for an elective office; **OR**
- is nominated as a candidate for elective office by a political party convention or caucus and certified to the appropriate filing official; **OR**
- receives a contribution or makes an expenditure in an attempt to be nominated or elected to office; **OR**
- gives consent to someone else to receive a contribution or make an expenditure in an attempt to be nominated or elected to office.

Recall Candidate: A person who is an officeholder who is the subject of a recall vote is a candidate. A person who is the subject of a recall is a candidate and may make expenditures from his or her Candidate Committee to oppose the recall. See [Appendix M](#) for more information concerning recall elections.

Appointed Officeholder: A person appointed to an elective office is not a candidate under the Act until he or she meets the above definition or is the subject of a recall election. For the purposes of the Campaign Finance Act, an elected officeholder is considered to be a candidate for reelection to that same office unless the officeholder is constitutionally or legally barred from seeking reelection or fails to file for reelection to that office by the applicable filing deadline.

Write-in Candidate: *A person nominated* at a primary through write-in votes that has not received or spent any funds in order to be elected becomes a candidate under the Act five days after the Board of Canvassers certifies the nomination.

A person elected to office at an election through write-in votes that has not received or spent any funds in order to be elected becomes a candidate under the Act on the date the election is certified.

An individual who receives a contribution, makes an expenditure, or gives consent for another person to receive a contribution or make an expenditure for the purpose of seeking write-in votes at an election is a candidate as soon as he or she receives the contribution or makes the

expenditure or gives consent to the other person to receive the contribution or make the expenditure.

Testing the Waters: There is no provision in Michigan election law or in the Campaign Finance Act for "testing the waters." A person who spends or receives money to "test the waters" for a Michigan elective office becomes a candidate as soon as he or she spends or receives money or authorizes any one else to spend or receive money to further the nomination or election of the candidate.

Term-Limited Candidate: An officeholder who is term-limited is no longer a candidate for that office and therefore can no longer make campaign related expenditures from his or her Candidate Committee account for that office. Additional information on term-limited candidates is provided later in this document.

Federal Candidates: Candidates running for federal office are subject to federal campaign finance disclosure laws and are not required to file under Michigan's Campaign Finance Act. Information on the federal campaign finance disclosure laws can be obtained from the Federal Election Commission (FEC). Contact information for the FEC can be found in [Appendix Q](#).

DEFINITION OF "CANDIDATE COMMITTEE"

An individual who becomes a candidate is required to form a Candidate Committee. "Candidate Committee" means the committee designated in a candidate's filed Statement of Organization as that individual's Candidate Committee. A Candidate Committee is under the control and direction of the candidate named in the Statement of Organization. A candidate may have only one committee for each office sought.

As soon as a person becomes a "candidate" under Michigan's Campaign Finance Act, he or she has:

- **Up to Ten (10) calendar days to form a Candidate Committee.**

After the committee formation date, the candidate has:

- **Ten (10) additional calendar days from its formation to register the committee.**

To register the committee, a Statement of Organization form must be filed. Statement of Organization forms can be obtained from the Department of State's Bureau of Elections in Lansing, from any county clerk or the Secretary of State's website on the Internet.

Where to File

Offices that file with the County Clerk's Office:

- County, City, Township, Village, Public School Board and Community College Board.

Offices that file with the Michigan Department Of State's Bureau Of Elections:

- Governor, Lt. Governor, Secretary of State, Attorney General, State Senate, State Representative, State Board of Education, University of Michigan Regents, Michigan State University Trustees, Wayne State University Governors, Michigan Supreme Court,

Court of Appeals, Circuit Courts, District Courts, Probate Courts and Municipal Courts.

CANDIDATES EXEMPTED FROM FILING REQUIREMENTS

Precinct Delegate: A candidate who seeks a precinct delegate position is not subject to the filing requirements of the Campaign Finance Act. As a consequence, candidates for precinct delegate positions are not required to file a Statement of Organization or Campaign Statements.

School Board Candidate: A candidate who seeks a school board seat may not be subject to the filing requirements of the Campaign Finance Act if he or she meets the following conditions:

- the school district in which the office is being sought has a pupil membership count of 2,400 or less; **and**
- the Candidate Committee of that candidate receives or expends \$1,000.00 or less in the election.

The candidate must still include proper identification on printed and broadcast materials related to the election as required by the Act, and may not accept contributions from any source that is prohibited from giving to other Candidate Committees such as corporations, labor unions, Indian tribes, persons holding a 1% or greater interest in a Detroit casino, public bodies or Ballot Question Committees.

If the candidate spends or receives more than \$1,000.00, or if the pupil membership exceeds 2,400 on the most recent pupil membership count day, the candidate must file a Statement of Organization and meet the filing requirements of the Act.

A candidate who determines that he or she is required to file under the Campaign Finance Act should contact the county clerk immediately for filing information and forms. A candidate whose school district crosses county boundaries should contact the clerk of the county in which the greatest number of voters eligible to vote in the school district's elections reside.

KEEPING THE COMMITTEE'S STATEMENT OF ORGANIZATION UP-TO-DATE

The committee is required to amend its Statement of Organization if any information presented on the form changes. Statement of Organization amendments must be filed no later than the due date of the next upcoming Campaign Statement required of the committee. A committee is free to file required Statement of Organization amendments earlier if desired.

The candidate and the committee treasurer serving at the time the change took place must sign Statement of Organization amendments.

WHEN A CANDIDATE COMMITTEE CAN BE USED TO SEEK A SECOND OFFICE

Under certain circumstances, a Candidate Committee can be used to seek a second office.

- A candidate for a local office (village, township, city, school or county) can use his or her Candidate Committee to seek a second local office if the contribution limit for the new

office is the same or greater than the contribution limit for the former office.

- A local candidate who wishes to seek election to a *state elective office* must register a separate Candidate Committee with the Bureau of Elections to seek the office.
- A state elective officeholder **cannot** use his or her Candidate Committee to seek another office. A candidate for a *state elective office* who wishes to seek election to another state elective office, to a local office, or to a judicial office must register a separate Candidate Committee to seek the office.
- A candidate for a judicial office **can** use his or her judicial Candidate Committee to seek another judicial office if the contribution limit for the new office is the same or greater than the contribution limit for the current office. A judicial officeholder **cannot** use his or her judicial Candidate Committee to seek election to a *state elective office*. A judicial officeholder who wishes to seek election to a *state elective office* must register a separate Candidate Committee to seek the office.
- A term-limited officeholder must form a new committee to seek election to any other office.

The term "state elective office" means the office of governor, lieutenant governor, state senator, state representative, secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee and Wayne State University governor.

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CAMPAIGN FINANCE DISCLOSURE REQUIREMENTS

CAMPAIGN STATEMENTS

A committee discloses its campaign finances on Campaign Statements. A Campaign Statement consists of a cover page, a summary page and series of schedules that itemize the committee's receipts, expenditures and debts and a special purpose schedule that details fundraisers held by the committee. Campaign Statement forms and instructions can be obtained from the Department of State's Bureau of Elections in Lansing, any county clerk or the Secretary of State's website on the Internet.

The Reporting Waiver: A committee that does not expect to receive or spend more than \$1,000.00 for any election can obtain a Reporting Waiver by checking Item 10 on its Statement of Organization. A committee that maintains a Reporting Waiver is exempt from filing Campaign Statements. The Reporting Waiver is explained in [Appendix C](#).

Note: A Candidate Committee of a former officeholder, who leaves office without a Reporting Waiver, must file an Annual Campaign Statement each year until the committee is officially dissolved.

When Campaign Statements Are Required

The Candidate Committee of a candidate whose name appears on a ballot for an election must file a Pre-Election Campaign Statement **and** a Post-Election Campaign Statement. This is true for each election in which the candidate seeks nomination or election. If an individual becomes a candidate after the closing date for the Pre-Election Campaign Statement, only the Post-Election Campaign Statement is required for that election.

In addition to Pre-Election and Post-Election Campaign Statements, an Annual Campaign Statement must be filed each year. Exceptions to the filing requirements are explained under "The Reporting Waiver" and "Annual Campaign Statement Filing Exemptions."

Definition of Election: An "election" is defined as a primary, general, special, recall or school election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. The Primary and the General are separate elections.

Campaign Statement Closing Dates and Due Dates

Pre-Election, Post-Election and Annual Campaign Statements have specific coverage periods, closing dates and due dates as detailed below. If the due date of a Campaign Statement that falls on a weekend or state holiday, the due date is automatically forwarded to the next business day. This does not apply to closing dates.

<u>Type of Statement</u>	<u>Closing Date of Statement</u>	<u>Statement Due Date</u>
Pre - Election Campaign Statement	16 days before election/convention	11 days before election/convention
Post - Election Campaign Statement	20 days after election/convention	30 days after election/convention
Annual Campaign Statement	December 31	January 31

Campaign Statement Coverage Periods: The first Campaign Statement filed by a committee "opens" on the earlier of the following 2 dates: 1) the committee's formation date or 2) the date the committee accepted its first contribution or made its first expenditure. The first Campaign Statement filed by a committee extends through the "closing date" of the Statement that is due. Subsequent Campaign Statements "open" on the day after the last day covered by the previous Campaign Statement filed by the committee and extend through the "closing date" of the Statement that is due. The Campaign Statement that is due begins where the last Campaign Statement filed left off. Therefore, there are no overlaps or gaps in time between consecutive Campaign Statements. An Annual Campaign Statement will not cover the entire year unless the committee did not make Campaign Statement filings for an election during the previous year.

Annual Campaign Statement Filing Exemptions: The Act exempts certain Candidate Committees from filing an Annual Campaign Statement. As provided under the exemptions, an Annual Campaign Statement is not required of the following:

- The Candidate Committee of an incumbent judge.
- The Candidate Committee of an officeholder whose salary is less than \$100.00 a month. (To be eligible for this exemption, the committee must not have received any contributions or made any expenditures during the period of time covered by the Annual Campaign Statement.)
- A Candidate Committee that files a Post-General Campaign Statement due between December 1 and January 30. (The requirement to file the Annual Campaign Statement that is due on January 31 immediately following the Post-General due date is waived.) The Candidate Committee is, however, required to file all subsequent Annual Campaign Statements.
- A Candidate Committee that has a Reporting Waiver is not required to file Annual Campaign Statements as long as it maintains the Reporting Waiver.

IMMEDIATE DISCLOSURE REPORTS

See [Appendix G](#) for additional information on Immediate Disclosure Reports (Late Contribution Reports).

LATE FILING FEES

See Appendix E for late filing fee schedules for all campaign statement types required to be filed pursuant to the Michigan Campaign Finance Act.

CAMPAIGN FINANCE COMPLIANCE STATEMENTS

Pre Election Campaign Finance Compliance Statement

Michigan election law requires any candidate filing for office on the state, county or local level to file an affidavit which states that at the date the affidavit was executed “all statements, reports, late filing fees, and fines required of the candidate or a candidate committee organized to support the candidate’s election under the Michigan Campaign Finance Act ... have been filed or paid.”

The affidavit is *not* required of a candidate elected to a U.S. Senate, U.S. House, a precinct delegate position or a school board position in a district with a pupil count of 2,400 or less unless the candidate spends or receives over \$1,000.00 for election.

The Pre Election Campaign Finance Compliance Statement is required of candidates and is a part of the Affidavit of Identity and Receipt of Filing form used to gain ballot access. Without the statement, the filing official will reject the filing and the candidate will be ineligible to appear on the ballot.

A candidate who falsifies the statement is guilty of perjury punishable by a “fine of not more than \$1,000.00 or imprisonment for not more than 5 years or both.”

Post Election Campaign Finance Compliance Statement - Elected Candidates Only

Michigan election law, MCL 168.848, requires any candidate elected to office on the state, county or local level to file an affidavit *prior to assuming office* which states that at the date the affidavit was executed “all statements, reports, late filing fees, and fines required of the candidate or a candidate committee organized to support the candidate’s election under the Michigan Campaign Finance Act ... have been filed or paid.”

The affidavit is *not* required of an elected candidate whose Candidate Committee did not receive or expend more than \$1,000.00 during the election cycle. In addition, the affidavit is *not* required of a candidate elected to a U.S. Senate, U.S. House or a precinct delegate position.

An elected candidate who is required to file a Post-Election Campaign Finance Compliance Statement must submit the form to the filing official designated to receive the elected candidate’s campaign finance disclosure filings.

An elected candidate who is required to file the statement who fails to submit the form is guilty of a misdemeanor punishable by a “fine of not more than \$500.00 or imprisonment for not more than 90 days, or both.” An elected candidate who falsifies the statement is guilty of perjury punishable by a “fine of not more than \$1,000.00 or imprisonment for not more than 5 years or both.”

CONTRIBUTIONS AND OTHER RECEIPTS

"Contributions" are the funds, goods and services donated to the Candidate Committee to further the nomination or election of the candidate.

"Other Receipts" are monies the committee receives that are not intended to further the nomination or election of the candidate. Other receipts include interest, loans from financial institutions, refunds and rebates received by the Candidate Committee.

RECORDING AND REPORTING CONTRIBUTIONS AND OTHER RECEIPTS

The committee treasurer or designated record keeper must:

- Record and report all contributions received from individuals by the amount, date received, and the donor's name and address. If single or cumulative contributions received from the same individual for the "election cycle" total \$100.01 or more, the donor's occupation, employer and principal place of business (address) must also be recorded and reported.
- Record and report all contributions received from groups, businesses, firms or any other types of organizations that are not registered as a committee under the Act by amount, date received and the contributing organization's name and address. If an individual gave money toward the organization's contribution, the amount the individual gave, the date the organization received the individual's contribution, and the individual's name and address must be recorded and reported as a "memo itemization." If an individual gave \$100.01 or more toward the organization's contribution, the individual's occupation, employer and principal place of business (address) must also be recorded.
- Record and report all contributions received from Independent, Political and Political Party Committees registered under the Act by the amount, date received and the committee's name and address.
- Record and report all "other receipts" by the amount, date received, and the name and address of the source. A short description of the "other receipt" must also be included.
- For specific information on how contributions and "other receipts" are reported, refer to the Campaign Statement instructions booklet.

Prompt Deposit Required: The Committee Treasurer or agent must promptly deposit all funds received by the committee in the committee's depository. The committee receives a contribution as soon as the committee treasurer or an agent designated by the treasurer receives it.

When a Written Instrument is Required: A contribution of \$20.01 or more must be made on a written instrument such as a check or money order. The written instrument must show the name of the person making the contribution, date, amount and the name of the committee accepting the

contribution. A committee may not accept contributions of \$20.01 or more in cash. For contributions made by credit card, the committee needs to record the same type of information for each contribution that would be recorded if the contribution were made by check or money order.

LIMITATIONS ON CONTRIBUTIONS TO CANDIDATES

The Act sets contribution limits for all elective candidates. The contribution limits are set on an "election cycle" basis.

- An election cycle begins on the day following a general election in which the office involved appears on the ballot and ends on the day of the next general election in which the office appears on the ballot.
- For a special election, the election cycle begins on the day the special election is scheduled or the date the office involved became vacant (whichever is earlier) and ends on the day of the special election.

Cash contributions, contributions made by a written instrument such as a check or money order, in-kind contributions of goods and services and loans from individuals all count toward the limitation.

The contribution limits chart below lists the maximum amount individuals, Independent Committees, Political Committees and Political Party Committees may give to an elective candidate during the election cycle. **IMPORTANT:** The chart and the information appearing below the chart do not apply to candidates for governor or lieutenant governor if public funding is accepted. For information on the contribution limits that apply to candidates for governor and lieutenant governor when public funding is accepted, contact the Department of State's Bureau of Elections in Lansing.

Type of Candidate	Political Committees and Individuals	Independent Committees, District and County Political Party Committees	State Central Political Party Committees	Caucus Committee (Independent Committee)	Bundling Political Committee	Bundling Independent Committee
State Elective Offices*	\$3,400	\$34,000	\$68,000	\$34,000	\$3,400	\$34,000
State Senator	\$1,000	\$10,000	\$10,000	**Unlimited	N/A	N/A
State Representative	\$500	\$5,000	\$5,000	**Unlimited	N/A	N/A
Local or judicial candidate district pop. Over 250,000	\$3,400	\$34,000	\$34,000	\$34,000	N/A	N/A
Local or judicial candidate district pop. 85,001 to 250,000	\$1,000	\$10,000	\$10,000	\$10,000	N/A	N/A
Local or judicial candidate district pop. up to 85,000	\$500	\$5,000	\$5,000	\$5,000	N/A	N/A

*State elective offices are Governor, Lt. Governor, Secretary of State, Attorney General, Supreme Court Justice, State Board of Education, University of Michigan Regent, Michigan State University Trustee and Wayne State University Governor.

** A Senate or House Caucus committee is prohibited from making a contribution to or an expenditure on behalf of a State Representative or State Senate candidate for the primary election if the candidate is running against opposition in a primary.

ACCEPTABLE CONTRIBUTIONS AND EXEMPTIONS

Contribution of Money: A Candidate Committee may accept direct contributions of money from legal sources in the form of cash (\$20.00 or less), check, money order or credit cards.

Loan as a Contribution: A Candidate Committee may accept loans from individuals, Independent Committees, Political Committees, Political Party Committees and financial institutions. Since a loan from an individual or from another committee is treated as a contribution, a Candidate Committee must not make loans to another Candidate Committee. Loans apply to the committee's contribution limit until the committee pays it back. In addition, a loan received by a candidate which is endorsed or guaranteed by a third party counts toward the contribution limit applicable to the third party to the extent the third party is liable for the amount loaned. Amounts repaid on a loan by the committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan. Loans are recorded as contributions with the exception of loans made to the committee by financial institutions.

Loan as an Other Receipt – Financial Institution Loan: A loan made by a financial institution is recorded as an "other receipt."

In-Kind Contribution: In-kind contributions are goods, services and facilities provided to the committee at no cost or at a discount. An in-kind contribution could be a donation of lumber to the committee, a person paying off a debt incurred by the committee or a person donating professional services to the committee.

- The value of an in-kind contribution is the fair market value of the goods or services or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted.
- A corporation, labor organization or domestic dependent sovereign may not make an in-kind contribution to a Candidate Committee, Political Committee, Independent Committee or Political Party Committee from treasury funds. Any contributions of funds, goods or services must be from the corporation's, labor organization's, or domestic dependent sovereign's (Indian Tribe) separate segregated fund that is registered as an Independent or Political Committee.

Contributions from Out-of-State Groups: A Candidate Committee may accept out-of-state contributions. A statement must be included with any out-of-state contribution from a person, other than an individual. The statement must give the date the contribution was made, the amount of the contribution, the full name and address of each person or committee contributing to the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds from a corporation, joint stock company, domestic dependent sovereign [Indian tribe], or labor organization. If the contribution is more than \$500.00, see section on *Advising Contributors of Filing Obligations Urged*.

- An officer of the contributing committee or other contributing person must certify the statement as true and correct.
- The statement must be kept with the committee's financial records and is not filed with the filing official.

Dependent Minor Contributions: A contribution made by a dependent minor is counted against the contribution amount given by the minor's parent or guardian.

Contributions From Committees And Organizations: A person cannot give a contribution to another person with the understanding or agreement that the contribution will be passed on to a particular Candidate Committee. In view of this, an amount contributed to a candidate by an Independent Committee, Political Committee, Political Party Committee, group, business, firm or other type of organization does **not** count toward the contribution limit applicable to any person who may have given the funds involved to the contributing committee or organization. This remains true even if a contributing organization is required to supply the committee with information on individuals who gave funds that went toward the contribution.

Designation Of Contributions For Previous Election Cycle: A contribution received by a Candidate Committee is considered to be for the current election cycle unless designated for a previous election cycle. A contributor can designate a contribution for a previous election cycle if the designation is made in writing; the contributor did not reach the applicable contribution limit set for the candidate in the election cycle identified in the designation; and the designated contribution does not exceed the Candidate Committee's outstanding debts from the election cycle identified in the designation. Debt from previous elections cannot be repaid with contributions from a subsequent election with contributions that are not so designated.

Contributions Received from a Partnership or a Limited Liability Company: The following requirements for partnerships also apply to limited liability companies and their members. A contribution to a Candidate Committee that is made on a partnership check is viewed as a contribution from the partnership unless the amount contributed is attributed to members of the partnership. Consequently, if a partnership contributes \$500.00 or more in a calendar year and the amount contributed has **not** been attributed to members of the partnership, the partnership is required to register as a committee under the Campaign Finance Act. On the other hand, if the amount contributed has been attributed to members of the partnership, the amount involved does not count toward the \$500.00 registration threshold applicable to the partnership under the Act.

- When the members of a partnership or a limited liability company wish to use a business check to make a contribution to a Candidate Committee, a written statement containing the name, address, date and amount being contributed by each partner or member must accompany the check. Those individuals whose contributions total more than \$100.00 must also provide their occupation, employer and principal place of business. The recipient committee then reports the amount contributed by each partner or member as a separate contribution received from an individual; the name of the partnership or limited liability company is not listed as contributor.
- As Candidate Committees are not permitted to accept corporate contributions, no part of a contribution made on a partnership check or a limited liability company check may be attributed to an individual partner or membership who is incorporated.
- The amount attributed to an individual partner or member counts toward that individual's contribution limit to the candidate.

Bundled Contributions: "Bundling" is defined as the delivery of one (1) or more contributions from individuals to the Candidate Committee of a candidate for Governor, Lt. Governor, Secretary of State, Attorney General, State Board of Education, University of Michigan Regent,

Michigan State University Trustee, Wayne State University Governor or Supreme Court Justice, by an Independent or Political Committee (PAC) registered with the Secretary of State.

Contribution limits apply to bundled contributions. A PAC may give bundled contributions that are equal in amount to the contribution limit that they must adhere to if they were giving the committee a contribution directly. The bundled contribution limit is in addition to the contribution limit that the committee is allowed to give directly from the committee's PAC account.

Candidate's Contributions To Own Committee: Candidates may make unlimited contributions to their own committees. All contributions received from the candidate must be recorded, deposited and reported as all other contributions.

Loans: A candidate who wishes to loan his committee funds must report the funds given to the committee as a loan on a campaign statement. If the committee receives contributions from contributors in excess of the amount needed for expenditures and disposition of other debts and obligations, the candidate can receive repayment on a loan made to his or her Candidate Committee.

In-Kind Contributions and In-Kind Loans: A candidate can pay for campaign expenses directly out of his or her own pocket. Campaign purchases made by a candidate with personal funds are in-kind contributions of goods or services to the Candidate Committee. A candidate may be reimbursed for out-of-pocket campaign expenses (in-kind contributions) with committee funds. Reimbursements made by a Candidate Committee for out-of-pocket campaign expenses incurred by the candidate must be reported as detailed below.

In-Kind Contribution - Candidate Reimbursed During The Reporting Period:

- The goods and services purchased by the candidate are reported on the Itemized In-Kind Contributions Schedule. Check the "Goods or Services Purchased by Candidate - Loan" box.
- The reimbursement is reported on the Itemized Expenditures Schedule with the purpose shown as "reimbursement for in-kind contributions". The purpose must note that the detail information is reported on the In-Kind Schedule.

In-Kind Loan - Candidate Repaid in a Subsequent Campaign Statement:

- The goods and services purchased by the candidate are reported on the Itemized In-Kind Contributions Schedule. Check the "Goods or Services Purchased by Candidate - Loan" box.
- The amount owed by the committee to the candidate at the close of the reporting period is reported on the Debts and Obligations Schedule.
- The repayment is reported on the Itemized Expenditures Schedule of the appropriate Campaign Statement. The purpose must note that the detail information is reported on the In-Kind Schedule.

Note: A candidate cannot be repaid for loans made to his or her Candidate Committee unless the transaction has been reported as a loan on the Campaign Statement that covers the period during

which the transaction took place.

Contribution Exemptions: An individual can assist a Candidate Committee in a number of ways without counting the assistance as a contribution to the committee. The following exemptions are designed to encourage volunteer participation in the political process:

- A volunteer's personal services do not count as a contribution as long as the volunteer assists the committee without any understanding or agreement that compensation will be received for the time donated. If the committee compensates the volunteer, the compensation must be reported as an expenditure. If a third party compensates the volunteer (an employer, for example), the compensation must be reported as an in-kind contribution from the third party. If a volunteer is on earned vacation time when assisting the committee, the vacation pay does not count as a contribution.
- The first \$500.00 spent during the year by a volunteer for personal travel expenses (gas, food, lodging) do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. The committee must report additional travel expenses incurred by the volunteer during the year as in-kind contributions.
- The first \$100.00 worth of food and beverages donated during the year by an individual does not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. The committee must report additional donations of food and beverages given by the individual during the year as in-kind contributions.

Immediate Family Exemption: A candidate and his or her immediate family members are exempt from the contribution limits except gubernatorial candidates receiving public funds. The Act's definition of "immediate family" is a child residing in the candidate's household, the candidate's spouse, or an individual claimed by the candidate or the candidate's spouse as a dependent for federal income tax purposes.

Advising Contributors of Filing Obligations Urged: Michigan's Campaign Finance Act covers a "person" operating within Michigan or out-of-state as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan. The term "person" is used to mean a business, company, corporation, association or two or more individuals who act jointly. As soon as a person reaches the \$500.00 threshold detailed above, it has ten (10) calendar days to form and register a committee under the Act. A person that is covered by the Act must register a committee by filing a Statement of Organization with the appropriate filing official.

- The treasurer of a Candidate Committee who accepts a contribution of \$500.00 or more from a business or other type of group is urged to advise the organization of the Campaign Finance Act's filing requirements.
- A group that meets the registration threshold through a single contribution may register a committee under the Act and dissolve the committee on the same day if no further political activity is anticipated for the year.

- If the Candidate Committee that received the contribution is a state-level or judicial committees, the group would file the Statement of Organization with the Bureau of Elections. If the contribution were made to a candidate for local office, the Statement of Organization would be filed with the appropriate County Clerk.

PROHIBITED CONTRIBUTIONS

A prohibited contribution must be returned as soon as the committee recognizes that it has received a contribution that cannot be accepted. The Michigan Campaign Finance Act prohibits the following types of contributions:

- Anonymous Contributions: A committee may not accept an anonymous contribution. If a contribution is received without name and address information, it must be donated to a tax exempt charitable organization and a receipt is needed for committee records.
- Cash Contributions: A committee may not accept contributions of \$20.01 or more in cash. Cash contributions of \$20.00 or less must be reported in detail with name, address, date and amount of each contribution.
- Candidate Committee to Candidate Committee: A Candidate Committee must not accept a contribution from another Candidate Committee except for the purchase of a fund raiser ticket, not to exceed \$100.00 from that Candidate Committee in a calendar year.
- Earmarking: A committee may not accept a contribution with the agreement or arrangement that the committee will transfer the contribution to a particular Candidate Committee.
- Contribution in the Name of Another: A person shall not make a contribution by any name other than the name by which that person is identified for legal reasons.
- Foreign Nationals: The Federal Election Campaign Act prohibits Foreign Nationals from making any contribution or expenditure (including independent expenditures) in connection with any U.S. elections. It is also unlawful for any person to solicit, accept or receive a contribution from a foreign national.
- Corporations, Joint Stock Companies, Labor Organizations, Domestic Dependent Sovereigns (Indian tribes): A Candidate Committee may not accept a contribution of money from treasury funds, goods, services, discounts or free use of facilities from a corporation, a joint stock company, a labor organization, or a domestic dependent sovereign.

A corporation, joint stock company, labor union or domestic dependent sovereign may not purchase fund raiser or dinner tickets to Candidate Committee events; may not donate prizes or awards for fund raisers or other events sponsored by or for the benefit of a Candidate Committee; may not provide a discount unavailable to the general public to a Candidate Committee; and may not pay off or forgive a committee debt for a Candidate Committee.

Prohibitions against corporate contributions apply to all types of corporations, including

large and small corporations, non-profit and for-profit corporations, professional corporations and sub-chapter S corporations. The only exception is for a corporation formed strictly for political purposes only.

Persons Holding a Casino Interest: Public Act 69 of 1997 amended the Michigan Casino Revenue and Control Act to prohibit persons having a casino interest in one of the three Detroit casinos from making campaign contributions during certain periods of time. The Michigan Gaming Control Board enforces this prohibition. The persons who are prohibited from making contributions are:

1. a casino licensee or a supplier licensee;
2. a person who holds at least a 1% interest in a casino licensee, a supplier licensee or a casino enterprise;
3. a person who is an officer or a managerial employee of the licensee or casino enterprise as defined by rules promulgated by the Casino Gaming Board;
4. a person who is an officer of the person who holds at least a 1% interest in the licensee or casino enterprise;
5. the Independent Committee of a licensee or casino enterprise.

Prohibited Periods

Casino Licensee - Political contributions may not be made from a date one year prior to applying to the MGCB for a Casino License, and continuing until three years after the license expires. The prohibited period includes all time in between these dates, including the period when the MGCB is still considering a license application.

Supplier Licensee - Political contributions may not be made from the date an application is submitted to the MGCB for a Supplier License, and continuing until three years after the license expires.

Enforcement - A person who makes a prohibited contribution is guilty of a felony, punishable by imprisonment for 10 years and/or a fine of not more than \$100,000.00.

Public Act 71 of 1997 amended the Michigan Campaign Finance Act to provide that a committee shall not knowingly maintain receipt of a contribution from a person prohibited from making a contribution during the prohibited period under Public Act 69.

For purposes of this section of Public Act 71, a committee is only considered to have knowingly maintained receipt of a contribution prohibited under Public Act 69 and is subject to penalty for that violation if both of the following circumstances exist:

- The Secretary of State has, by registered mail, notified the committee that the committee has received a contribution in violation of this section and has specifically identified that contribution.
- The committee fails to return the contribution identified on or before the thirtieth business day after the date the committee receives the notification.

RETURNING CONTRIBUTIONS

Funds received by a committee which are returned to the contributor **within 30 business days** after their receipt are not viewed as a "contribution" under the Act.

- Funds that are returned to the contributor which have not been deposited in the committee's account are not reported on the next Campaign Statement required of the committee.
- Funds deposited in a committee's account that are subsequently returned to the contributor must be reported on the Campaign Statement covering the period during which the contribution was received and returned.

FUNDRAISERS

- See [Appendix F](#) For detailed information concerning fund raisers.

EXPENDITURES AND DISBURSEMENTS

"Expenditures" are anything of monetary value spent by the Candidate Committee to influence the nomination or election of the candidate or the qualification, passage or defeat of a ballot question.

RECORDING AND REPORTING EXPENDITURES

The committee treasurer or designated record keeper must record all expenditures by the amount, date made, purpose, and the name and address of the individual or business that received the funds. A receipt must be obtained for each expenditure made by the committee (a canceled check is acceptable). The purpose of the expenditure must be written on the receipt.

When a Written Instrument is Required: A Candidate Committee may not make expenditures of \$50.01 or more in cash. An expenditure of \$50.01 or more must be made by a written instrument such as a check or money order. The written instrument must show the Candidate Committee name and the name of the recipient. Persons authorized to make committee expenditures do **not** have to be listed on the committee's Statement of Organization.

ACCEPTABLE EXPENDITURES

Petty Cash Fund: The committee treasurer may set up a petty cash fund with funds withdrawn from the committee's official account. The committee must keep records of payments from the petty cash fund showing the amount, date and purpose of each expenditure. Single expenditures of \$50.01 or more must not be made from the petty cash fund.

Incidental Expense Disbursements (Officeholders Only) **"Incidental Expense"** means an expenditure that is an ordinary and necessary expense as described in section 162 of the internal revenue code of 1986, 26 U.S.C. 162 (commonly referred to as the Internal Revenue Business Expense Code), paid or incurred in carrying out the business of an elective office. The Candidate Committee account of a candidate who is holding office may be used to make disbursements to pay for expenses that are incidental to holding that office. The following is a listing of some of the incidental expenses for which disbursements may be made:

- A disbursement necessary to assist, serve, or communicate with a constituent.
- A disbursement to purchase office furniture, equipment and supplies.
- A disbursement for a district office if the office is not used for campaign-related activity.
- A disbursement for the public official or his or her staff, or both, to attend a conference, meeting, reception, or similar event.
- A disbursement to maintain a publicly owned residence or temporary residence at the seat of government.
- An un-reimbursed disbursement for travel, lodging, meals or other expenses incurred by the public official, a member of the public official's immediate family, or a member of the public official's staff in carrying out the business of the elective office.
- A donation to a tax-exempt, charitable organization, including the purchase of tickets to charitable or civic events.

- A disbursement to a ballot question committee.
- A purchase of tickets to another Candidate Committee's fund raiser, not to exceed \$100.00 per Candidate Committee per calendar year. The tickets are to be used by the candidate whose committee is making the purchase, or by members of his or her immediate family or his or her staff.
- A purchase of tickets to other committee's fund raisers, not to exceed \$100.00 per committee per calendar year. If tickets to fund raising events sponsored by a Political Committee, Independent Committee, Ballot Question Committee or Political Party Committee are purchased as "incidental expenses", those purchases would be limited to \$100.00 per committee per calendar year.
- A disbursement for an educational course or seminar that maintains or improves skills employed by the public official in carrying out the business of the elective office.
- A purchase of advertisements in testimonials, program books, souvenir books, or other publications if the advertisement does not support or oppose the nomination or election of a candidate.
- A disbursement for consultation, research, polling, and photographic services not related to a campaign.
- A fee paid to a fraternal, veteran, or other service organization.
- A payment of a tax liability incurred as a result of authorized transactions by the candidate committee of the public official.
- A fee for accounting, professional, or administrative services for the candidate committee of the public official.
- A debt or obligation incurred by the candidate committee of a public official for a disbursement authorized by one of the incidental expense subdivisions of the Act, if the debt or obligation was reported in the candidate committee report filed for the year in which the debt or obligation arose.

The Incidental Office Expense Disbursements Schedule is designed to accommodate reporting of incidental expense disbursements as a part of the Candidate Committee's Campaign Statements.

Automobile Expenses: A Candidate Committee may make expenditures for the use of an automobile for campaign purposes, or make incidental office expense disbursements for the use of an automobile for constituent services. There are several choices as to how the automobile expense may be managed. The acceptable options for candidates subject to the Act are described below.

Candidate purchases automobile with **personal** funds: A candidate who uses his or her personal vehicle for campaign purposes may be reimbursed from the Candidate Committee account. The candidate who is an officeholder may also use a personal vehicle for constituent services and business related to the office held.

- Option 1: If the candidate owns the vehicle, he or she may be reimbursed for miles traveled for campaign or business purposes based on cents per mile rate, such as the IRS standard mileage rate for business miles.
- Option 2: The candidate may be reimbursed for a percentage of actual expenses incurred in operating the vehicle, such as monthly car payment, insurance, gasoline,

oil, insurance, licensing, tires, batteries, etc. If the vehicle is leased rather than owned, the actual expense percentage method should be used.

The candidate should choose option 1 or option 2. With either option, the candidate should maintain a log to document the number of miles driven or percentage of usage of the vehicle.

Candidate Committee purchases or leases the vehicle with **committee** funds: The candidate may choose to purchase or lease the vehicle, paying for it with funds from the Candidate Committee account.

- Option 1: Actual expenses of operating the vehicle for campaign, business and personal purposes would be paid directly from the committee account. The candidate would keep a log to document personal use of the vehicle and reimburse the committee account for that use. If the vehicle is owned or being purchased by the committee, the reimbursement may be by either the mileage rate method or the percentage of actual expense method. If the vehicle is leased, the reimbursement should be based on the actual expense percentage method.
- Option 2: The candidate would use the committee owned vehicle only for campaign or business purposes and uses a personally owned car for personal business. There would be no need for reimbursement by the candidate to the committee for personal use of the vehicle.

Prior to leasing a vehicle with committee funds, the candidate should verify with the leasing company involved whether the lease can be transferred to the candidate if he or she leaves office prior to the termination of the lease. The Department of State does not offer advice on this matter.

Disposition Of Vehicle: If the Candidate Committee is purchasing the vehicle and the candidate ceases to hold office or to be a candidate, the committee may sell the vehicle at fair market value (determined by blue book value or by calculating the depreciated value) to anyone, including the candidate or give it to an Independent Committee or Ballot Question committee, political party or a charity. Money from the sale belongs to the committee and can be disposed of in the same manner as any other unexpended funds of the committee.

If the candidate personally owns the vehicle, no disposition of the vehicle would be necessary.

Automobile Use Of Candidate with Multiple Committees: The officeholder may purchase the vehicle using personal funds. Once this is done, each committee may reimburse the officeholder for miles driven on business for that committee. A log should be kept to record the number of miles driven and a reimbursement rate set that is the same for each committee.

PROHIBITED EXPENDITURES

A Candidate Committee may not:

- lend funds to another Candidate Committee;
- lend funds to the candidate or to any other person;
- make an expenditure to or on behalf of another Candidate Committee; or
- purchase ads in other candidates' program books.

TRANSFER OF FUNDS

A committee may transfer any unexpended funds from one candidate committee to another candidate committee of that same person if the contribution limits for the candidate committee receiving the funds are equal to or greater than the contribution limits for the candidate committee transferring the funds and if the candidate committees are simultaneously held by the same person. A transfer of this type can be made anytime and there is no limit on the amount of funds that can be transferred.

Care must be taken to determine that funds can be transferred and the proper reporting of such transfers. The following provisions apply to the transferred funds:

- If the candidate *is not a term-limited officeholder* and the transferring committee raises the fund after the candidate has filed a Statement of Organization to run for a different office, an acceptable accounting method must be used to identify the persons who contributed the transferred funds and the amount of each person's contribution. The amount attributed to each person must be counted towards that person's limit on contributions to the Candidate Committee receiving the transferred funds. Acceptable accounting methods are FIFO (First-In-First-Out), LIFO (Last-In-First-Out), or another generally accepted accounting method.
- If the candidate is a term-limited officeholder and the transferring committee raises funds after the General Election at which the officeholder was elected to his or her final term of office, an acceptable accounting method must be used to identify the persons who contributed the transferred funds and the amount of each person's contribution. The amount attributed to each person must be counted towards that person's limit on contributions to the Candidate Committee receiving the transferred funds. Acceptable accounting methods are FIFO (First-In-First-Out), LIFO (Last-In-First-Out), or another generally accepted accounting method.
- Contributions received by a committee during a previous election cycle are not subject to this restriction and may be transferred as a lump sum.

Transfer of Other Assets: The remaining value of any transferred assets should be reported as an in-kind expenditure on the In-Kind Expenditure Schedule. The recipient committee reports the receipt of the transferred assets as an in-kind contribution on its Itemized Contribution Schedule as "Goods or Services donated" with a description indicating, "Transferred assets".

Determining What Funds Can be Transferred:

1. Are the committees both held by the same person simultaneously?
If yes, proceed to question 2.
If no, stop. The funds cannot be transferred.
2. Is the contribution limit the same or higher for the committee receiving the funds?
If yes, proceed to question 3.
If no, stop. The funds cannot be transferred.
3. Is the Candidate barred from seeking re-election (i.e. term limited)?
If yes, proceed to question #4.
If no, proceed to Question #5.
4. Is the date of the contribution on or before the last General Election for that office?
If yes, the funds can be transferred as a lump sum amount.
If no, the funds can be transferred provided the contributor has not already contributed the maximum amount allow for that office. All contributions must be itemized and reported on the Itemized Direct Contribution Schedule.
5. Is the date of the contribution on or before the last General Election or before the filing of a Statement of Organization to run for a different office?
If yes, the funds can be transferred as a lump sum amount.
If no, the funds can be transferred provided the contributor has not already contributed the maximum amount allow for that office. All contributions must be itemized and reported on the Itemized Direct Contribution Schedule.

Reporting Transfers: The transferring Candidate Committee will report the transfer of funds on the Itemized Expenditures Schedule and note “transfer of unexpended funds” in the purpose.

The recipient Candidate Committee must report the transferred funds on its Campaign Statement.

- If the funds must be attributed to the contributor as described above, the amount from each person, and the date of the transfer as the date of the contribution must be reported on the Itemized Contributions Schedule.
- If the funds that are transferred are not required to be attributed a specific contributor, the Candidate Committee reports the transferred amount as a lump sum on the Itemized Other Receipts Schedule. The source is reported as the transferring committee, the type of receipt is indicated as “Other: transfer of unexpended funds” with the date and amount.

Transfer of Debt Prohibited: Outstanding debt may *not* be transferred from one Candidate Committee to another Candidate Committee. Debt must be paid or (if it qualifies) forgiven prior to dissolution of a committee.

TERM-LIMITED CANDIDATES

In Michigan the number of terms an individual may serve in a certain elective offices is limited. At the state level, those offices are:

State House of Representatives	Three two-year terms
State Senate	Two four-year terms
Governor	Two four-year terms
Lieutenant Governor	Two four-year terms
Attorney General	Two four-year terms
Secretary of State	Two four-year terms

Contact the county clerk of the applicable county for information regarding term limits for city, county, township, school or village offices.

Authorized Expenditures: An officeholder who is barred from seeking reelection may not use his or her candidate committee to make election related expenditures. An expenditure is defined as the payment or transfer of anything of ascertainable monetary value in assistance of, or in opposition to, the nomination or election of a candidate. An officeholder who is seeking election to a new elective office may not make expenditures for the nomination or election to the new office from the bank account of the Candidate Committee that was used to run for the term-limited office.

An officeholder who is constitutionally barred from seeking reelection may make the following types of expenditures or disbursements from his or her existing Candidate Committee bank account:

Pay Debts Incurred In A Previous Election Cycle, Including Debt Owed To The Candidate: Debt must have been reported on the Campaign Statement that covered the period during which the debt was incurred.

Make Disbursements For Incidental Office Expenses: The Candidate Committee account of a candidate who is holding office may be used to make disbursements to pay expenses that are incidental to holding **that** office. See the section on Incidental Expenses Disbursements.

Transfer Unexpended Funds To Another Candidate Committee Held By The Same Person: See section on *Transfer of Funds*.

In-Kind Transfers: The remaining value of any transferred assets should be reported as an in-kind expenditure on the In-kind Expenditure Schedule. The recipient committee would report the receipt of the transferred assets as an in-kind contribution on the Itemized In-kind Contribution Schedule as “Goods or Services donated” with the description as “Transferred Assets”.

DISSOLUTION OF CANDIDATE COMMITTEES

The Campaign Finance Act specifies when and under what conditions a Candidate Committee may be dissolved. A dissolved committee has no further filing obligations under the Act. A candidate is encouraged to dissolve his or her Candidate Committee as soon as the committee is eligible for dissolution.

- To be eligible for dissolution, a committee must have no assets or outstanding debts. An unpaid late filing fee is considered to be a committee debt and must be paid before the committee can be dissolved. An officeholder cannot dissolve his or her Candidate Committee until his or her term of office expires. An exception to this provision exists for officeholders who are not qualified to seek reelection. Further information on this exception can be obtained from the Department of State's Bureau of Elections in Lansing.
- If the committee has maintained a Reporting Waiver, dissolution can be requested by filing a Single-Page Dissolution Statement. On the Statement, the candidate and committee treasurer or designated record keeper verify that:
 - 1) the committee obtained a Reporting Waiver by checking Item 10 on its original Statement of Organization or on an amendment to its Statement of Organization;
 - 2) did not receive or spend more than \$1,000.00 for any election after obtaining the Reporting Waiver;
 - 3) has no outstanding late filing fees or other debts; and
 - 4) has no remaining assets.
- If the committee does not have a Reporting Waiver, dissolution can be requested by filing a final Campaign Statement with supporting Schedules. A Dissolution Campaign Statement can be combined with a Post Election or Annual Campaign Statement required of the committee as long as the committee dissolves on or before the closing date of the Campaign Statement. A Dissolution Campaign Statement must open on the day after the closing date of the last Campaign Statement filed by the committee and close on the date of the committee's dissolution.

Disposition of Unexpended Funds: Under certain circumstances, a candidate may transfer unexpended funds to another candidate committee of that candidate. Detailed information on transferring funds is included in this manual. Unexpended funds in the Candidate Committee account that are not eligible for transfer must be disbursed in the following ways:

- a) Given to a Political Party Committee (state central, congressional district or county);
- b) Given to a tax-exempt charitable organization as long as the candidate does not become an officer or director of or receive compensation, either directly or indirectly, from that organization. (A committee that chooses to donate any of its remaining assets to a tax-exempt charity must provide verification of the disposition of the funds to their filing

official. This verification can be in the form of a receipt or letter of acknowledgement on the charity's letterhead.);

- c) Returned to contributors of the funds;
- d) Given to a House Political Party Caucus Committee if the person was a candidate for the office of State Representative;
- e) Given to a Senate Political Party Caucus Committee if the person was a candidate for the office of State Senator;
- f) Given to an Independent Committee; or
- g) Given to a Ballot Question Committee.

Automatic Dissolution: Under certain circumstances, a filing official can automatically dissolve a committee.

- The filing official will automatically dissolve a committee with a Reporting Waiver that is maintained by an officeholder when the officeholder vacates office.
- The filing official, if the individual is defeated in the election, will automatically dissolve a committee with a Reporting Waiver that is maintained by an individual who seeks office.

A committee with a Reporting Waiver is not eligible for automatic dissolution if the committee received or spent over \$1,000.00 for the election or has outstanding assets or debts (includes late filing fees).

A committee that qualifies for automatic dissolution will not be dissolved if the candidate expresses a desire, in writing, to keep the committee active.

A Candidate Committee that has not been dissolved and does not have a Reporting Waiver must file an Annual Campaign Statement each year unless eligible for an Annual Campaign Statement filing exemption.